

4/18/77 [4]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/18/77
[4]; Container 16

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE WHITE HOUSE
WASHINGTON

April 18, 1977

~~CONFIDENTIAL~~

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

Re: Domestic Policy Staff Status Report

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, DEC. 13 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

WASHINGTON
~~confidential~~

SHINGTON

Confidential

INTEROFFICE ROUTING ADMINISTRATIVE MARKING
CANCELED APR 12 1968 SEC. 13 AND
CIVIL RIGHTS DIVISION APR 15 1968

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 15, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Domestic Policy Staff Status Report

AGRICULTURE

Sugar: Memos to you from EPG and Secretary Bergland have been sent in. STR analysis of the ITC report is proceeding. International conference to negotiate a new international sugar agreement begins in Geneva April 18.

Farm Bill: The bill is not faring well. The House has completely changed the Administration bill and the Senate plans to mark-up on the Talmadge bill. Formal mark-up begins in both Houses on Tuesday, April 19. Secretary Bergland meets with Democratic members of the House Agriculture Committee that day to discuss options.

Emergency Preparedness: Assessment of the state of emergency preparedness as it relates to the continuity of government should be completed by April 22.

Emergency Drought: Request for emergency declaration to assist livestock producers in Oregon is being processed by FDAA.

HUMAN RESOURCES

Social Security Financing: The Administration proposals are scheduled to be announced the week of May 1. A decision memo to you week of April 25th. A possible HEW briefing for you this week.

Hospital Cost Containment: Legislation now scheduled to reach the Hill on April 25.

Health Message: Scheduled to be delivered to Hill April 25.

**Electrostatic Copy Made
for Preservation Purposes**

Comprehensive Health Assessment and Primary Groups for Children (CHAPS): Legislation is scheduled to reach Hill on April 25.

Welfare Reform: Weekly briefings by HEW on welfare reform are continuing. An HEW-DOL options memo is due to you this week.

Veterans: We're working with DOL to restore the 35% veterans allotment for CETA jobs in conference committee.

Food Stamps: House subcommittee mark-up this week. We will be working with USDA to ensure that the Administration proposal is not substantially changed.

ENERGY AND NATURAL RESOURCES

Tuna/Porpoise: Participating in negotiations between industry and environmentalists to resolve dispute and reach consensus on amendments to Act.

Environmental Message: Working with CEQ and speechwriters on draft. A decision memo will be circulated to senior White House staff next week. Message to be given in mid-May. *no decision yet*

April 20 Energy Message: Coordinating with Schlesinger and staff.

Clean Air Act: Memo in to you yesterday. Administration to testify before Dingell subcommittee on April 18.

Water Projects: Memo in to you last Wednesday. Decision pending.

Strip Mine Bill: Administration strengthening amendments have been transmitted by Andrus.

HOUSING AND URBAN AFFAIRS

Financial Institutional Reform: Memo for interagency task force in to you by April 18.

Housing Finance Package: Memo for interagency task force in to you by week of April 25.

Urban Policy Interagency Task Force: Agenda under review, first meeting week of April 21.

HOUSING AND URBAN AFFAIRS (cont.)

Urban Growth Report: Memo to you by April 20 directing agencies to form a task force to write 1978 Urban Growth Report.

New York City Financing: Continuing to develop long-term options.

FY78 Community Development and Assisted Housing Program: Senate Budget Committee has made substantial cuts, preparing for floor fight on FY78 authorization.

White House Conference on Balanced Growth and Economic Development: Working with Commerce Department and other agencies in planning agenda items.

White House Neighborhood Workshop: Preparing outline of objectives and agenda for this Conference. Should be complete by mid-May.

Neighborhood Commission: This comes up in Conference Committee April 20 or 21.

TRANSPORTATION AND LABOR

Aircraft Noise: Option paper by April 20.

Lock and Dam 26: Option paper by April 22.

Federal Employee Bargaining Rights: Option paper by April 25.

Labor Law Reform: Analysis of proposed legislation by May 1.

POSTAL SERVICE

Postal Study Commission Report: To be released by the Commission on April 18.

Postmaster General to meet with me next week.

CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: Task force continues to meet. A memo from the Attorney General and Secretaries of Labor, HEW and State will be in to you soon.

CIVIL RIGHTS AND JUSTICE (Cont.)

Equal Employment Reorganization: Continue meeting with task force.

Victims of Crime: Justice has prepared testimony on HR 3686 and delivered to OMB. We will have a memo to you soon.

Wiretapping: Justice will have legislation ready soon.

Law Enforcement Assistance Administration: On April 28 or 29 the House will consider a Holtzman amendment to restore the Budget Committee's \$200 million cut in LEAA funds.

Privacy: Justice position on HR 214 is still being discussed by Justice. We will have a memo to you as soon as we know their position.

Magistrates: Justice bill increasing the authority of US magistrates in black lung and social security cases is at OMB. We will have a memo to you by April 20.

Drugs: DEA has submitted 3 bills to OMB, one of which includes a preventive detention measure. We will have a memo to you by April 25.

Other Legislative Proposals: Justice continues to work on special prosecutor legislation, grand jury reform, handgun legislation, revision of criminal code.

GOVERNMENT REFORM

Regulatory Reform

General Regulatory Reform: Memo to you April 16.

Airline Reform: Senate Commerce Committee to mark-up bill after recess. House hearings in late April.

Surface Transportation Deregulation: Decision memo to you April 16.

International Rates: We are working with Lipshutz to develop new procedures to lower international rates.

Sunset: Senate mark-up at end of April. Muskie wants Administration to oppose Percy-Byrd-Ribicoff proposal. No House action scheduled.

Review of Anti-Carcinogen Statutes and Programs: Background memo to you soon.

Economic Impact Analysis Prodecure: Working with EPG subcommittee to develop a proposal for the EPG to recommend to you for Executive Order.

Integrity and Openness Matters

a. We are working with Justice to develop a draft Executive Order on logging official contacts with lobbyists. Draft due April 16.

b. Classification decisions: NSC preparing draft memorandum to you establishing an interagency task force.

c. Conflict of Interest Legislative Package: Decision memorandum to you April 16.

d. Lobbying Disclosure: DOJ preparing testimony. House hearings April 21. Flaherty to testify.

e. FOIA Liberalization: DOJ drafting Executive Order.

Reorganization

a. Advisory Committees Review: Agency reports are due today. We will prepare a report for you.

Election Reform

a. Hatch Act: Interagency task force working out Administration position for House mark-up on April 20.

b. Universal Voter Registration: Working with Vice President staff. Bell will testify in Senate May 4.

Consumer Affairs

a. ACA: Esther Peterson is taking the lead and will testify in House and Senate next week.

Consumer Affairs (cont.)

b. We are working with Esther Peterson, Commerce, FTC, and Justice to develop a package of substantive consumer reforms. Message to be issued sometime in May.

ECONOMICS AND BUSINESS

Corporate Bribery Legislation: Administration legislation has been introduced on Hill.

Trade Adjustment Assistance: We are meeting with Commerce, Labor, and STR to meet your commitment in the shoe case to improve this program and recommend new legislation, if necessary.

Color TV Tariff: Strauss in process of reaching an agreement with the Japanese.

Inflation Statement: Working with CEA and Treasury on Presidential statement to be issued today.

Arab Boycott: We are working on a possible compromise on the bill that will be considered in the Senate in two to three weeks.

EDUCATION

Career Education Bill: An original bill by Congressman Perkins to provide money for Career Education has cleared the House. It will be introduced in the Senate this week and has a good chance of passing.

Bilingual Education: The Office of Education is releasing a highly critical report of the Bilingual Education program this Monday.

PUBLIC WORKS

Public Works: We have convened a working group with Frank Moore and representatives of the Commerce Department to coordinate the Administration position on issues before the conference committee on the public works bill.

Summit \rightarrow CIEC

Expand IMF

Zenith case appeal

EC \leftarrow Greece, Portugal, Spain
Brezhnev - energy - sport -
environ -

Belgrade

PRES JENKINS - EC

THE WHITE HOUSE
WASHINGTON

EC participation - London

- a) Don't push too much stimulus
- b) Emphasize N-S CIEC
- c) Common fund
- d) Put CIEC play on table -
after summit
- e)
- f) Energy - Non prolifer
- g) Greece - early 80's
Portugal - 1977 assessment
Spain - apply after elections

THE WHITE HOUSE
WASHINGTON

Comprehensive -
Balanced - short term
Raised energy prices
public not penalized
Lower payroll
Price rise inevitable

Energy Notes made by the President

4/18/77

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

Standby Baseline
T-1/4 Periodic
Alternative

Confidential

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

April 18, 1977

Jim Schlesinger
Stu Eizenstat
Bert Lance
Jack Watson

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson


Re: Standby Gasoline Tax and Possible
Alternatives

THE WHITE HOUSE

WASHINGTON

April 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT, KITTY SCHIRMER 

SUBJECT SCHLESINGER AND LANCE OPTIONS ON THE GAS TAX

Jim Schlesinger and Bert Lance present two options on a gas tax:

- o a standby 5¢ per gallon tax triggered if the public fails to reduce consumption to specified national goals;
- o an automatic increase in the federal gas tax of about 2¢ per gallon in the first years and 3-4¢ per gallon later, designed to keep the cost of a mile driven from falling as fuel economy of automobiles increases.

Since gasoline consumption is relatively price inelastic, at least in the range of price increases we are considering, it is worth questioning whether either proposal is worthwhile. If you decide to pursue a gas tax, however, I believe the standby approach is far preferable because:

- o it holds out both a carrot and a stick to the public -- if the targets are met the tax is either avoided altogether, or reduced (in cases where the tax was triggered in the earlier year);
- o it gives the public a clear-cut choice and appeals the public conscience to work and sacrifice collectively;
- o it does not automatically penalize the consumer who buys a more fuel efficient car and who expects to be able to pocket the savings;
- o it is likely to be the more saleable of the two options to the Congress because it spreads the "blame" if the tax is imposed to the public itself;
- o the standby feature draws attention away from the fact that probably no tax under 30¢ to 50¢ per gallon will do much to discourage unnecessary driving.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 15, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
RE: SCHLESINGER AND LANCE MEMORANDA
ON THE STANDBY GASOLINE TAX AND
POSSIBLE ALTERNATIVES

In the attached memoranda, Jim Schlesinger and Bert Lance discuss possible alternatives to the standby gasoline tax and recommend different courses of action for you. Jim supports the standby tax. Bert believes that the fuel efficiency tax (Jim's second option) is politically more palatable and economically less disruptive. Jim has carefully briefed the pros and cons of each option.

I think the fuel efficiency tax approach, although logically sound, would be extremely hard to explain to the American people. In effect, we are encouraging people to buy more gas-efficient automobiles and then taxing away their savings from increased fuel efficiency. The beauty of the standby gasoline tax is that it is easy to understand and simple to apply. It also appeals to the "goal-setting" instincts of the American people and their desire to respond positively to the President's requests for greater energy conservation.

**Electrostatic Copy Made
for Preservation Purposes**

Attachments

THE WHITE HOUSE
WASHINGTON

April 18, 1977

CONFIDENTIAL

The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jack Watson

The attached was returned in
the President's outbox and is
forwarded to you for your
confidential information.

Rick Hutcheson

Re: Weekly Legislative Report

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12356, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE WHITE HOUSE

WASHINGTON

MR. PRESIDENT:

Jordan and Eizenstat concur with
Watson in favor of the standby approach.

Stu comments: "Since gasoline consumption is relatively price inelastic, at least in the range of price increases we are considering, it is worth questioning whether either proposal is worthwhile. If you decide to pursue a gas tax, however, I believe the standby approach is far preferable:"

- it holds out both a carrot and a stick to the public;
- it gives the public a clear-cut choice and appeals to the public conscience to work and sacrifice collectively;
- it does not automatically penalize the consumer who buys a more fuel efficient car;
- it is probably more saleable to Congress because it spreads the "blame" if the tax is imposed to the public itself;
- the standby feature draws attention away from the fact that probably no tax under 30¢-50¢ per gallon will do much to discourage unnecessary driving.

---Rick

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
X	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
X	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 14 1977
1977 APR 14 PM 4 10

MEMORANDUM FOR

THE PRESIDENT

FROM:

BERT LANCE

Bha -

SUBJECT:

Gasoline tax and possible alternatives

My views on the gasoline tax proposal are as follows:

- ° It will be politically unpopular but it is also necessary to effectively limit the growth in gasoline consumption. I am reluctant to recommend a tax, but without it, your energy plan may not be effective.
- ° A gradually increasing gasoline tax designed to keep constant the average cost per mile driven, such as the proposal developed by the OMB staff and included as Option 2 in Jim Schlesinger's memo, seems best to me.
 - a) Politically, it may be salable because of the small increases (about 2¢ per gallon per year between 1978-1980).
 - b) It would be less disruptive to the economy than the proposed standby approach.
 - c) It could have a more direct impact than the standby tax on holding down gasoline consumption, one of the keys to a successful energy strategy.
- ° A possible alternative to a gasoline tax might be some form of rationing. This would certainly be a drastic measure, but I asked the OMB staff to define a way in which it might be accomplished.

They suggested a coupon system, relying in part on a "white market," employing coupon allotments to licensed drivers, and the sale of coupons to businesses and others. But any rationing approach would require more bureaucracy and regulation, and would cause severe market distortions.

In the final analysis, I would recommend the graduated gasoline tax described above. However, you might tell the Congress and the public that the only alternative to a gasoline tax may be a rationing or allocation system. I would be happy to discuss this further if you wish.

THE WHITE HOUSE

WASHINGTON

13 April 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

National Energy Plan

This memorandum sets forth options for a final decision on whether to approve an alternative to the standby gasoline tax. We still owe you a memorandum on how the revenues collected under the Plan would be rebated. OMB will raise an issue on the strategic petroleum reserve and perhaps on other areas.

Before dealing with these options, it would be useful to summarize where we stand on major issues. As I indicated at the April 7 meeting, I have dropped both the mandatory industrial equipment standards and the time of transfer requirement for residential insulation retrofits from the legislative initiatives. The Plan would indicate that if voluntary action did not occur in these two areas, the Federal Government would consider mandatory requirements.

Secretary Blumenthal, CEA Chairman Schultze, as well as Secretary Andrus and I met the next morning to discuss the program. We agreed upon a number of minor changes to the Plan and a method of our working together to complete the analysis. Secretary Blumenthal suggested an alternative for dealing with the GATT problem posed by the auto excise tax rebate proposal. He suggested providing rebates for imported cars on the basis of their current market share. He is planning to discuss this proposal with Doug Frazier of the United Auto Workers and report back to me.

Gasoline Taxes

Three options are set forth for dealing with gasoline taxes:

1. No Tax

Advantages

- o A gasoline tax is politically unpopular

Disadvantages

- o A gasoline tax would result in substantial gas savings
- o Not having a gasoline tax would detract from the perception of how seriously your Administration views the energy problem

2. Fuel Efficiency Gasoline Tax

This proposal, suggested by OMB staff, is designed to keep the cost of gasoline per mile driven constant between 1976 and 1985, as the fuel consumption efficiency of the country's fleet of autos increases. It would tax gasoline by the amount necessary to offset the savings from increased fuel efficiency that would otherwise lower the cost per mile driven and encourage more driving and consumption. The amount of the tax is estimated to be 2¢ per gallon in 1978-80 and would increase gradually about 3-4¢ per gallon per year in 1981-85 up to 29¢ a gallon. All revenues would be rebated through a per capita tax credit through the Federal income tax.

Advantages

- o Overcomes the incentive for people to drive more miles per year as they begin to purchase more fuel-efficient vehicles, and therefore reduces overall gasoline consumption
- o By starting at a low rate and increasing gradually the tax has a minimal disruptive effect on the economy and the rate of inflation

Disadvantages

- o Puts the Government in the position of creating measures to improve the efficiency of vehicles and then taking away any apparent advantage to the American people by increasing gasoline taxes

- o Would have little impact on consumption during the early years

3. Standby Gasoline Tax

The proposal described below is a variant of the one you originally approved. Under the revised proposal, the Federal Government would establish realistic gasoline consumption targets for each year beginning in 1978, and provide a standby tax that would be imposed or reduced depending on whether those targets were met. The targets have been designed so that there is at least a 50/50 chance of their being achieved in any particular year. A tax of 5¢ per gallon would be imposed for every percentage point that gasoline consumption exceeded the target for the preceding year. The tax cannot rise or be reduced more than 5¢ per gallon in each year. If the American public repeatedly failed to achieve the target, the maximum cumulative tax could be 50¢ per gallon in 10 years. The earliest possible date for imposition of the tax would be January 15, 1979. All revenues generated would be rebated through a per capita tax credit through the Federal income tax. (A more detailed description is attached.)

Advantages

- o Encourages voluntary consumption of gasoline
- o The proposal could potentially achieve its political and substantive objectives without imposition of the tax or only a small tax

Disadvantages

- o Any gas tax is unpopular, even one that could be avoided
- o In an attempt to provide a real opportunity for avoiding a tax, the proposal has become somewhat complicated

Recommendation

I recommend the standby gasoline tax. It would be more effective than the OMB staff proposal and because of its voluntary nature considerably more politically attractive. Treasury and CEA concur, although CEA believes the maximum tax should be 30¢.

Option 1: No Tax _____

Option 2: OMB Staff
Fuel Efficiency Gasoline Tax _____

Option 3: Modified Standby Gasoline Tax _____

April 11, 1977
6:00 p.m.
Draft

STANDBY GASOLINE TAX

PROPOSAL:

Establish annual national gasoline consumption targets for each year beginning in 1978 through 1987 and provide a standby tax that would be imposed or reduced depending on whether those targets were met. The targets would be fixed at realistically achievable levels that assume Americans will purchase fuel efficient new cars as contemplated and exercise moderate restraint in their driving habits. The targets would permit some growth in gasoline consumption until 1980 and then contemplate reductions each year thereafter as the fuel efficient cars begin to replace the "gas-guzzlers" in the existing fleet. A tax of 5¢ per gallon would be imposed for each percent that gasoline consumption exceeded the target in the previous year, except that the tax could not increase or decrease more than 5¢ per gallon in any one year. Thus, if consumption exceeded the target by 1 percent in 1978 and 2 percent in 1979 then the tax would be 5¢ per gallon on January 1, 1979, and 10¢ per gallon on January 1, 1980. If the target were then exceeded by 1 percent, or less, in 1980 then the tax would go down to 5¢ per gallon in 1981. The tax could go up or down in 5 cent/gallon increments based on the prior year's record. The maximum cumulative tax would be limited to 50 cents per gallon in ten years. All revenues generated

would be rebated through a per capita refundable credit on Federal income tax.

The target years to determine whether a tax is imposed will run from October 1st to September 30th. Any tax, tax increase, or tax reduction, would take effect the following January 1st. The earliest possible date for a tax would be January 1, 1979.

THE WHITE HOUSE

WASHINGTON

Date: April 15, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan - *concur*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson memo 4/15 re Schlesinger and Lance memo
on the Standby Gasoline Tax and Possible Alternatives.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

~~CONFIDENTIAL~~

RECEIVED BY THE ADMINISTRATIVE MARKING
DIVISION APR 17 1977, SEC. 12 AND
APPROVED BY THE STAFF SECRETARY

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

Confidential
RECEIVED FEB 10 1235G SEC. 13 AND
HUTCHESON'S MEMO OF MARCH 16, 1937

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

April 15, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
RE: SCHLESINGER AND LANCE MEMORANDA
ON THE STANDBY GASOLINE TAX AND
POSSIBLE ALTERNATIVES

In the attached memoranda, Jim Schlesinger and Bert Lance discuss possible alternatives to the standby gasoline tax and recommend different courses of action for you. Jim supports the standby tax. Bert believes that the fuel efficiency tax (Jim's second option) is politically more palatable and economically less disruptive. Jim has carefully briefed the pros and cons of each option.

I think the fuel efficiency tax approach, although logically sound, would be extremely hard to explain to the American people. In effect, we are encouraging people to buy more gas-efficient automobiles and then taxing away their savings from increased fuel efficiency. The beauty of the standby gasoline tax is that it is easy to understand and simple to apply. It also appeals to the "goal-setting" instincts of the American people and their desire to respond positively to the President's requests for greater energy conservation.

Attachments



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 14 1977
1977 APR 14 PM 4 10

MEMORANDUM FOR THE PRESIDENT
FROM: BERT LANCE *BLC*
SUBJECT: Gasoline tax and possible alternatives

My views on the gasoline tax proposal are as follows:

- ° It will be politically unpopular but it is also necessary to effectively limit the growth in gasoline consumption. I am reluctant to recommend a tax, but without it, your energy plan may not be effective.
- ° A gradually increasing gasoline tax designed to keep constant the average cost per mile driven, such as the proposal developed by the OMB staff and included as Option 2 in Jim Schlesinger's memo, seems best to me.
 - a) Politically, it may be salable because of the small increases (about 2¢ per gallon per year between 1978-1980).
 - b) It would be less disruptive to the economy than the proposed standby approach.
 - c) It could have a more direct impact than the standby tax on holding down gasoline consumption, one of the keys to a successful energy strategy.
- ° A possible alternative to a gasoline tax might be some form of rationing. This would certainly be a drastic measure, but I asked the OMB staff to define a way in which it might be accomplished.

They suggested a coupon system, relying in part on a "white market," employing coupon allotments to licensed drivers, and the sale of coupons to businesses and others. But any rationing approach would require more bureaucracy and regulation, and would cause severe market distortions.

In the final analysis, I would recommend the graduated gasoline tax described above. However, you might tell the Congress and the public that the only alternative to a gasoline tax may be a rationing or allocation system. I would be happy to discuss this further if you wish.

THE WHITE HOUSE
WASHINGTON

13 April 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM SCHLESINGER
SUBJECT: National Energy Plan

This memorandum sets forth options for a final decision on whether to approve an alternative to the standby gasoline tax. We still owe you a memorandum on how the revenues collected under the Plan would be rebated. OMB will raise an issue on the strategic petroleum reserve and perhaps on other areas.

Before dealing with these options, it would be useful to summarize where we stand on major issues. As I indicated at the April 7 meeting, I have dropped both the mandatory industrial equipment standards and the time of transfer requirement for residential insulation retrofits from the legislative initiatives. The Plan would indicate that if voluntary action did not occur in these two areas, the Federal Government would consider mandatory requirements.

Secretary Blumenthal, CEA Chairman Schultze, as well as Secretary Andrus and I met the next morning to discuss the program. We agreed upon a number of minor changes to the Plan and a method of our working together to complete the analysis. Secretary Blumenthal suggested an alternative for dealing with the GATT problem posed by the auto excise tax rebate proposal. He suggested providing rebates for imported cars on the basis of their current market share. He is planning to discuss this proposal with Doug Frazier of the United Auto Workers and report back to me.

Gasoline Taxes

Three options are set forth for dealing with gasoline taxes:

1. No Tax

Advantages

- o A gasoline tax is politically unpopular

Disadvantages

- o A gasoline tax would result in substantial gas savings
- o Not having a gasoline tax would detract from the perception of how seriously your Administration views the energy problem

2. Fuel Efficiency Gasoline Tax

This proposal, suggested by OMB staff, is designed to keep the cost of gasoline per mile driven constant between 1976 and 1985, as the fuel consumption efficiency of the country's fleet of autos increases. It would tax gasoline by the amount necessary to offset the savings from increased fuel efficiency that would otherwise lower the cost per mile driven and encourage more driving and consumption. The amount of the tax is estimated to be 2¢ per gallon in 1978-80 and would increase gradually about 3-4¢ per gallon per year in 1981-85 up to 29¢ a gallon. All revenues would be rebated through a per capita tax credit through the Federal income tax.

Advantages

- o Overcomes the incentive for people to drive more miles per year as they begin to purchase more fuel-efficient vehicles, and therefore reduces overall gasoline consumption
- o By starting at a low rate and increasing gradually the tax has a minimal disruptive effect on the economy and the rate of inflation

Disadvantages

- o Puts the Government in the position of creating measures to improve the efficiency of vehicles and then taking away any apparent advantage to the American people by increasing gasoline taxes

- o Would have little impact on consumption during the early years

3. Standby Gasoline Tax

The proposal described below is a variant of the one you originally approved. Under the revised proposal, the Federal Government would establish realistic gasoline consumption targets for each year beginning in 1978, and provide a standby tax that would be imposed or reduced depending on whether those targets were met. The targets have been designed so that there is at least a 50/50 chance of their being achieved in any particular year. A tax of 5¢ per gallon would be imposed for every percentage point that gasoline consumption exceeded the target for the preceding year. The tax cannot rise or be reduced more than 5¢ per gallon in each year. If the American public repeatedly failed to achieve the target, the maximum cumulative tax could be 50¢ per gallon in 10 years. The earliest possible date for imposition of the tax would be January 15, 1979. All revenues generated would be rebated through a per capita tax credit through the Federal income tax. (A more detailed description is attached.)

Advantages

- o Encourages voluntary consumption of gasoline
- o The proposal could potentially achieve its political and substantive objectives without imposition of the tax or only a small tax

Disadvantages

- o Any gas tax is unpopular, even one that could be avoided
- o In an attempt to provide a real opportunity for avoiding a tax, the proposal has become somewhat complicated

Recommendation

I recommend the standby gasoline tax. It would be more effective than the OMB staff proposal and because of its voluntary nature considerably more politically attractive. Treasury and CEA concur, although CEA believes the maximum tax should be 30¢.

Option 1: No Tax _____

Option 2: OMB Staff
Fuel Efficiency Gasoline Tax _____

Option 3: Modified Standby Gasoline Tax _____

April 11, 1977
6:00 p.m.
Draft

STANDBY GASOLINE TAX

PROPOSAL:

Establish annual national gasoline consumption targets for each year beginning in 1978 through 1987 and provide a standby tax that would be imposed or reduced depending on whether those targets were met. The targets would be fixed at realistically achievable levels that assume Americans will purchase fuel efficient new cars as contemplated and exercise moderate restraint in their driving habits. The targets would permit some growth in gasoline consumption until 1980 and then contemplate reductions each year thereafter as the fuel efficient cars begin to replace the "gas-guzzlers" in the existing fleet. A tax of 5¢ per gallon would be imposed for each percent that gasoline consumption exceeded the target in the previous year, except that the tax could not increase or decrease more than 5¢ per gallon in any one year. Thus, if consumption exceeded the target by 1 percent in 1978 and 2 percent in 1979 then the tax would be 5¢ per gallon on January 1, 1979, and 10¢ per gallon on January 1, 1980. If the target were then exceeded by 1 percent, or less, in 1980 then the tax would go down to 5¢ per gallon in 1981. The tax could go up or down in 5 cent/gallon increments based on the prior year's record. The maximum cumulative tax would be limited to 50 cents per gallon in ten years. All revenues generated

would be rebated through a per capita refundable credit on Federal income tax.

The target years to determine whether a tax is imposed will run from October 1st to September 30th. Any tax, tax increase, or tax reduction, would take effect the following January 1st. The earliest possible date for a tax would be January 1, 1979.

Date:

April 15, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan ✓

FOR INFORMATION:

MAK

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson memo 4/15 re Schlesinger and Lance memo
on the Standby Gasoline Tax and Possible Alternatives.YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.☐ No comment.

Please note other comments below:

*Hamilton agrees with Jack's cover memo - +
so do I**Secret*~~CONFIDENTIAL~~"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, SEC. 1.3 AND
ARCHIVIST'S MEMO OF FEBRUARY 18, 1993"

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)

April 15, 1977

FOR ACTION:
Stu Eizenstat ✓
Hamilton Jordan

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson memo 4/15 re Schlesinger and Lance memo
on the Standby Gasoline Tax and Possible Alternatives.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: ~~IMMEDIATE TURNAROUND~~

DAY:

DATE:

Sat a.m. 9:00

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

~~CONFIDENTIAL~~

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12350, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

April 16, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE
SUBJECT: Weekly Legislative Report

1. ENERGY

-- Energy Department: The Senate Governmental Affairs Committee is scheduled to begin mark up of the energy department bill on Friday, April 22, and continue to mark up on Tuesday, April 26. Senator Jackson is preparing some amendments to more clearly define how the present functions of the FPC would be handled in the new department. The Senator is also considering an amendment that would allow for retention of present autonomy of the Bonneville Power Administration after it is folded into the new department. Any Jackson amendments will be given serious attention. In addition, Senators Kennedy, Metzenbaum, Abourezk, Bayh, Durkin, McIntyre, Metcalf, Nelson, and Reigle have introduced an amendment creating an Office of Assistant Secretary for Competition and Consumer Affairs. Senator Roth's (R-Del) staff is drafting a number of amendments including one that would balance the leasing functions between the Energy Department and the Interior Department.

-- Chairman Brook's Government Operations Subcommittee will continue hearings on the bill next Monday and Tuesday. According to committee staff, mark up has not yet been definitely set, but it could come the last week in April.

-- Energy Policy: Next Thursday, the House has scheduled floor action establishing a Select Energy Committee, Speaker O'Neill's proposal to expedite House consideration of the energy program. The Select Committee (bipartisan and composed of 37 key Members on energy issues) would hold immediate hearings on the general scope of the President's energy proposal, but it would not mark up the various provisions. Instead, the specific legislative provisions would be referred to the appropriate standing committees which would have a set time limit for action (75 to 90 days). The various provisions reported by different standing committees would be referred back to the Select Committee which would then produce an omnibus package for floor consideration.

-- Rep. 'Lud' Ashley (D-Ohio), the likely chairman of the Select Committee, indicated in a meeting with Dr. Schlesinger last week that he hoped floor action on the energy program would occur in September. Rep. Ashley believes that with the President's help and that of the Speaker, he can move the package along. Rep. John Anderson (Ill) will be the ranking Republican member of the committee.

-- On Tuesday, after the leadership breakfast, Dr. Schlesinger plans to brief about 80 key House and Senate Members on energy policy.

ADMINISTRATIVELY CONFIDENTIAL

Electrostatic Copy Made
for Preservation Purposes

2. FY 1978 BUDGET

-- House and Senate floor action on the First Budget Resolution probably will occur the last week in April. OMB plans to contact Chairmen Muskie and Giaimo to urge them to hold the line against potential add-ons on the floor. In addition, OMB plans to ask Chairman Giaimo to develop an amendment to make some cuts in the budget levels the House Committee reported. This amendment, if offered, would parallel Sen. Muskie's attempt to reduce spending levels at the end of the Senate Budget Committee mark up.

-- OMB is preparing a budget strategy memo and a list of potential budget threats moving through Congress in preparation for next Tuesday's leadership breakfast.

-- OMB also recommends that the President involve the Cabinet in holding down congressional spending add-ons, as active departmental help is crucial in this area.

3. FY 1978 DEFENSE AUTHORIZATION

-- The House has scheduled floor consideration of the Defense Procurement and Authorization bill next Thursday. The bill authorizes a total of \$35.91 BILLION for military procurement and R&D (\$60.8 million above the Administration's request), and sets military and civilian DOD personnel levels. Specifically, the bill includes an increase of \$792.7 million in procurement, a \$44.8 million increase in civil defense, and a \$776.7 million decrease in R&D.

-- The Armed Services Committee rejected many procurement decisions in the budget revision request. Some of the highlights are as follows: 1) reopens the A-7 production line with a buy of 6 aircraft at a cost of \$24.4 million; 2) adds back F-15 aircraft (from the Administration's request of 78 to the Ford figure of 108); 3) restores funds for the advanced tanker cargo aircraft (ATCA); 4) provides initial funding for a nuclear strike cruiser; 5) provides for a buy of 360 non-nuclear Lance missiles at a cost of \$77.7 million; 6) provides an additional SSN-688 Class Attack Submarine plus long-lead items for a third. In addition, the procurement title of the bill contains language in the naval vessels portion that, according to OMB, constitutes an unnecessary and cumbersome restriction on the President's executive responsibilities.

-- Some other items in the bill that OMB has highlighted as objectionable include the following: 1) a section that would nullify ongoing efforts to increase contracting out to the private sector appropriate activities which are currently performed by federal employees; 2) the authorized average strength of the naval reserve forces were increased from the requested 52,000 to 93,600; 3) specific appropriation authorization for the Director of Defense Research and Engineering; 4) "micro-management" provisions in the R&D title which restrict executive authority and 5) the R&D decreases and civil defense increases. In addition, the committee has added back R&D funds and personnel strengths for the military medical school.

-- Reps. Downey, Carr, and Schroeder, three junior and liberal members of the committee, are seeking DOD support for a floor amendment which would restore the Administration's procurement and personnel requests. This amendment would not affect the Committee's R&D changes which these Members support. Other potential amendments include troop reductions in Korea and NATO (Rep. Dellums), an amendment to delete the military medical school provisions (Rep. Aspin), and an amendment to require that no funds be authorized for the Airborne Warning and Control Systems (AWACS) unless NATO has agreed to buy these planes (Rep. Schroeder).

-- Although the House is becoming more liberal, it has traditionally supported most military spending requests. The Defense Department is now preparing position papers on issues and amendments which may surface during floor debate. Active DOD support or opposition probably will determine the fate of all amendments.

4. HUMAN RIGHTS (INTERNATIONAL FINANCIAL INSTITUTIONS)

-- On Tuesday, the Senate Foreign Relations Committee will begin mark up of the IFIs authorization bill. Treasury believes a clear and firm Administration position must be developed as early as possible on human rights, or else we will be in the position of having a policy too late to be able to get votes for it. Attached at the end of this report is Secretary Vance's recommendations and a draft letter to Sen. Humphrey.

5. AGRICULTURE

-- Farm Bill: Senate and House Agriculture Committees both begin farm bill mark up Tuesday, with the Administration unable to provide strong direction. The House will work from a subcommittee proposal for price and income supports which could cost \$6 BILLION and which likely would be vetoed. The Senate will work from the Talmadge-Dole bill which has a \$5 BILLION price tag. The Administration's price and income support figures are not taken seriously in either committee; according to the Agriculture Department, hard arm-twisting might get us 8 or 10 votes (of 46) on the House committee, and 2 or 3 (of 18) on the Senate committee. Agriculture believes that unless we are able to give the committees some firm word of how far they might go before risking a veto, they will produce legislation with a very high price tag.

-- Food Stamps: The food stamp proposal, which will be considered as a title in the farm bill in the Senate, but perhaps separate in the House, is in relatively better shape. In the Senate, Talmadge adamantly opposes elimination of the purchase requirement; in both Senate and House, liberals, especially from the Northeast, want very much to increase the standard deduction or to allow deduction for the higher shelter and energy costs in that region. Agriculture believes that we have a reasonable chance of holding the bill at a budget level which does not exceed the current services estimate.

-- Conservation: The House Subcommittee on Conservation and Credit Tuesday afternoon will mark up and report a bill to create a process for assessment of land and water resources in the U.S. and require periodic reports to Congress. President Ford vetoed a similar bill last year; this year, the Senate passed an identical version by voice vote. Agriculture can support the bill, with modifications; OMB objects. Agriculture believes that unless by Tuesday they are able to present an Administration position which would recommend amendment of the most objectionable budgetary features, that the bill will pass the House by substantially more than two-thirds and we will have to live with all of it -- the objectionable features as well as the desirable.

6. REORGANIZATION

-- OMB has prepared a legislative strategy for the Executive Office of the President reorganization plan and it is currently distributed to a few principals for comment. If it proves workable, OMB plans to adapt most of it to the other reorganization plans as they are introduced. Also, OMB is currently drafting a larger overall legislative strategy for the reorganization effort.

7. ECONOMIC STIMULUS

-- Taxes: Majority Leader Byrd and Sen. Long will decide on Monday how to proceed with the tax simplification/increased standard deduction proposal. Also, the Majority Leader and Sen. Muskie will decide how to deal with any problems the rebate decision may have created regarding the First Budget Resolution.

-- Public Works Jobs: Majority Leader Byrd wants to break the impasse in the conference committee on the bill by either reaching a compromise with the House on the Water Pollution Amendments or stripping the issue from the jobs bill. White House staff is working on the issue.

-- Countercyclical: The decision on tax rebates also could require Sen. Long to proceed differently with his efforts to push the countercyclical authorization through the Senate for us. Treasury reported that Sen. Long previously intended to attach the proposal as an amendment to the tax rebate bill. A different strategy may have to be devised. There is still no movement in the House on this issue.

8. ARAB BOYCOTT

-- H.R. 5840, the Export Administration Act Amendments bill is scheduled for House floor action next Wednesday. State and Commerce expect the Hamilton-Rosenthal compromise to hold and believe that the bill will be passed without amendment.

-- The Senate bill will be reported from the Banking Committee next week, but floor action is not likely to occur before early May. At this point, the Anti-Defamation League intends to push at least four amendments. In the interim, efforts are underway to either: encourage a compromise between business and Jewish groups to avoid a floor fight; or set up to defeat floor amendments.

9. HATCH ACT

-- The House Civil Service Subcommittee, chaired by Rep. Bill Clay (Mo.), will begin mark-up of H.R. 10, the Hatch Act Revision bill next Wednesday, April 20. Rep. Clay intends to introduce a number of Administration-supported amendments to the bill.

-- Trouble spots in subcommittee mark-up (the full committee is expected to go along with any subcommittee actions) include the following: 1) an Administration-supported amendment to keep Hatched certain employees in sensitive positions (Rep. Clay is likely to be unhappy with this amendment and a Vice-Presidential phone call probably will be requested); 2) an Administration-supported amendment allowing Cabinet members and Assistant Secretaries to be involved in political activity; and 3) an amendment proposed by Rep. Harris (D-Va) that would eliminate the exemptions allowing political activities for all White House and Vice Presidential employees.

-- White House staff plan to meet with Democratic members of the subcommittee on Monday to discuss these and other issues. Also on Monday, the Republican Civil Service Commissioner probably will meet (in support of the Administration's position) with Republican members of the subcommittee.

10. AVIATION REGULATORY REFORM

-- Transportation reports that meetings have been set up between key DOT and Commerce Committee staff to begin drafting a compromise bill which could win Senate approval. Full Committee mark up may be scheduled sometime in mid-May.

FLOOR ACTIVITIES FOR WEEK OF APRIL 18

House

Monday -- 1 Bill Considered Under Suspension of Rules as follows:

- 1) H.R. 3340, Business Use of Residence for Day Care Services. To be managed by Chairman Ullman (Ways & Means).

Bill Summary: The bill would relax the restrictions placed by the Tax Reform Act of 1976 on the deduction for business use of a home in the case of providers of day care services. Prior to the Tax Reform Act of 1976, tax deductions were permitted for business use of a home. The Act provided for an exclusive use test, which stipulated that only when a taxpayer used a part of his home solely for business purposes and not for personal purposes could he claim deductions for maintenance of that part of the home. According to OMB, the Administration opposes the bill because a provider of day care services generally does not devote a portion of his residence exclusively to that activity and because incremental costs are not incurred with respect to the residence providing such services. The Congressional Budget Office estimates that the bill will reduce revenues by \$40 million in FY 1977, \$30 million in FY 1978, \$25 million in FY 1979, \$26 million in FY 1980, and \$26 million in FY 1981.

Tuesday -- 3 Bills Considered Under Suspension of Rules as follows:

- 1) H.R. 5864, Rules of Criminal Procedure. To be managed by Rep. Mann (SC), Chairman, Criminal Justice Subcommittee (Judiciary).

Bill Summary: The bill acts on five proposed amendments to the Federal Rules of Criminal Procedure submitted by the Supreme Court. Of the five amendments, the bill disapproves three entirely and the substantive part of one other, and approves one amendment with modifications. The Justice Department opposes those provisions in the bill which would modify or disapprove proposed amendments on the grounds that the amendments would represent an improvement over current law. The committee report notes that issues raised by most of the disapproved amendments will be taken up by Congress in the context of overall grand jury reform legislation or by introduced legislation.

- 2) H.R. 4836, Commission on Technological Uses of Copyrighted Works. To be managed by Rep. Kastenmeier (Wis), Chairman, Subcommittee on Courts, Civil Liberties & the Administration of Justice (Judiciary).

Bill Summary: The bill extends by seven months the time for the National Commission on New Technological Uses of Copyrighted Works to complete its final report for the Congress and the President. Although the law creating the Commission was enacted on December 31, 1974, presidential appointments were not made until July 25, 1975. Because of the late start, the Commission requested the extension. The estimated cost of the extension is \$270,000. According to OMB, the Administration has no position on the bill.

- 3) H.R. 5638, United States-Canadian Reciprocal Fisheries Agreement. To be managed by Rep. Leggett (Cal), Chairman, Merchant Marine Fisheries Subcommittee.

Bill Summary: The bill gives congressional approval of the agreement as requested by the Administration.

- H.R. 5101, Environmental Protection Agency FY 1978 R&D Authorization. To be managed by Rep. Brown (Cal), Chairman, Environmental & Atmosphere Subcommittee (Science & Technology). The bill is open to amendment.

Bill Summary: The bill authorizes \$288.1 million for EPA's R&D and demonstration activities during FY 1978. The total is \$26.8 million above the Administration's budget request. In addition, the bill 1) directs the EPA Administrator to increase by 45 the personnel positions in the Health and Ecological Effects programs for atmospheric sulfates research; 2) establishes in law the Science Advisory Board to provide scientific advice to the Administrator and report to Congress by October 1978, on health effects research; 3) requires EPA to include in the annual revision of its five-year plan a report on actions taken within EPA to identify other environmental R&D programs in the government to minimize duplication of programs; 4) requires that the Council on Environmental Quality and the Office of Science and Technology Policy undertake a joint study of all aspects of coordination of environmental R&D programs and report its recommendations to Congress and the President by January 31, 1978 (the President is required to report by June 30, 1978, on the steps he has taken to implement the recommendations); 5) requires the EPA Administrator to implement the recommendations of a Science Committee investigative report on EPA's research program and the deficiencies of its administration; and 6) requires the EPA Administrator to establish financial disclosure requirements by Feb. 1, 1978, for EPA employees with financial interests in "any person who applies for, or receives financial assistance under this Act."

According to OMB, the Administration opposes the enactment of the bill because its provisions would severely hamper the ability of the EPA Administrator to effectively manage the R&D program. EPA does not plan to actively oppose the bill on the House floor because they believe the Senate will produce a bill close to the Administration's position and the differences in conference committee will be resolved in the Administration's favor.

- Wednesday — H.R. 5840, Export Administration Act Amendments (Arab Boycott). To be managed by Chairman Zablocki (International Relations).

- H.R. 4877, Conference Report on FY 1977 Supplemental Appropriations. To be managed by Chairman Mahon (Appropriations).

Bill Summary: The bill provides \$29.1 BILLION in new budget authority, a decrease of \$4.7 BILLION from the President's requests. Highlights of conference action are as follows: 1) budget add-ons of \$454 million in the Senate bill for education were slightly reduced by \$41 million; 2) two requests related to drought assistance — \$225 million for the Commerce Department's Drought Assistance Program and \$50 million for the Small Business Administration's Disaster Loan Fund — were deleted due to lack of authorizing legislation; 3) funds for wastewater treatment plant construction grants, restored to the requested \$4.5 BILLION level by the Senate, have been reduced to \$1.0 BILLION; 4) the conferees retained the controversial provision

concerning rescissions and deferrals; however, report language somewhat mitigated the harmful effects of this section; and 5) includes \$12.5 million not included in the House bill for the Uniformed Services University of the Health Sciences (a recorded vote may be demanded on this Senate amendment).

The effect of conference action on estimated outlays is under development by OMB. OMB believes that the likely final figures will show increases of \$95-\$110 million in 1977 and \$555-\$600 million in 1978.

Thursday -- H.Res. ?, Ad Hoc Select Committee on Energy. To be managed by Majority Leader Wright. No amendments will be permitted unless the floor manager yields for that purpose.

-- H.R. 5970, Defense Procurement and R&D Authorization for FY 1978. To be managed by Chairman Price (Armed Services).

Senate

-- The Senate Leadership has no definite legislative agenda for next week due to the recent Administration decision on the tax rebate. The Leadership will have better idea Monday afternoon or Tuesday morning.

THE WHITE HOUSE
WASHINGTON

April 18, 1977

CONFIDENTIAL

Ham Jordan -

The attached was returned in the President's outbox and is forwarded to you for your confidential information.

Rick Hutcheson

Re: Status of Presidential Requests

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12056, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE PRECEDENT HAS BEEN.

THE WHITE HOUSE

WASHINGTON

April 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Rick Hutcheson

SUBJECT: STATUS OF PRESIDENTIAL REQUESTS

Follow - up of Previous Reports:

1. Eizenstat: What can we do without legislation to maximize openness in government -- In Progress, (draft Executive Order expected 4/20).
2. Eizenstat: The President will deliver an early environmental message -- if good -- In Progress, (planned for early May).
3. Brzezinski: Check on the need for travel of Leo Cherne of PFIAB -- In Progress, (with Vice President as part of EOP Reorganization Study).
4. Blumenthal: Go over tax reform principles, general goals, and procedures with EPG; submit back to the President your 2/8 memo with any amendments and/or comments -- In Progress, (tax reform proposals expected 9/1/77).
5. Eizenstat: Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- In Progress, (expected 4/19).
6. Schultze/Lance: What rules on overtime should be established to prevent circumvention of employment limits in government -- Done (3/18).
7. Bell: You know of the President's promise to make the Attorney General independent of White House control and influence. Please consult with your advisors and prepare draft legislation -- In Progress, (received from Department of Justice; being studied by Senior Staff).
8. Jordan: Let's firm up the Navy Renegotiation Board Monday -- In Progress (with Goodwin Chase).
9. Schultze, Blumenthal, Vance: What can we do about the Bahama Banks? -- In Progress (with Treasury and Justice, status report expected 4/21).
10. Eizenstat: Check with Congressional leaders regarding Cargo Preference legislation and report back to the

Electrostatic Copy Made
for Preservation Purposes

President -- In Progress, (Stu and Commerce negotiating with Congressional leaders).

11. Eizenstat: Assess priority and proper functions of the Corps -- In Progress, (second meeting scheduled for 4/20).
12. Califano: What can we do to a) have social security cards that cannot be forged easily; b) eliminate more than one card per person; c) require positive identification of all welfare benefits to avoid multiple payments to the same person; d) reduce the number of conventions -- Done. *done*
13. Eizenstat: You should talk with Bob Strauss to determine what should be done regarding duty imposed by U.S. concerning imports of men's suits -- In Progress, expected 4/22.
14. Schlesinger: Put these ideas plus your own into a letter from the President to the TVA Board, asking them for their assessment of the proposal -- Done. *done*
15. Eizenstat: Comment on the letter from Bob Edgar regarding protection of wetlands -- Done (response sent to Edgar 4/12). *done*
16. Eizenstat: Begin working on Notre Dame speech outline for May -- In Progress (with Fallows, expected 5/10).
17. Bell: Progress on court reform, organized crime, etc. -- Done. ?
18. Bourne: We should prepare an overall message regarding drugs, please comment -- In Progress, expected 4/22, previously expected 4/14).
19. Califano: Can there be recognition by the National Cancer Institute as a comprehensive cancer center (regarding letter from Governor Teasdale) -- In Progress, (expected 4/20).
20. Lipshutz, Harden, H. Carter: Give the President a specific memo to correct the size of the White House Staff, including a time schedule and staffing levels -- Done. *done*
21. H. Carter: Assess and implement where possible; tabulate and give the President a report and any questions regarding the information package from John Dunn concerning material for archives, Presidential papers, photographs, etc. -- In Progress.

Brzezinski

22. ~~Eizenstat~~: Brief comment on both Bourne memos, a) regarding possible speech to World Health Assembly in Geneva, b) proposed Joint U.S./U.S.S.R. Medical Science Agreement to Collaborate on Public Health Programs in the Third World -- In Progress, (expected 4/21, previously expected 4/14).
23. Eizenstat: Assess Federal Information Centers for FY 79 Budget -- In Progress.
24. Eizenstat: Get an Option Paper from Secretary Adams on Lock and Dam 26 -- In Progress, expected 4/21.

April 7:

1. Lipshutz: Include in personnel analysis the Bourne memo regarding a staff position for the International Health Initiative -- Done (recommendation was to keep on the OMB payroll). *done*
2. Fallows: See the President regarding the April 20 Energy Speech -- Done. *done*
3. H. Carter: Let someone who understands about air safety/control requirements see the President -- Done. *done*
4. Brzezinski: Please personally assess Bourne's World Health Initiative -- In Progress.

April 11:

1. Lance: Let one of your staff assess Rickover's points for the President regarding recommendations to reduce the number of flag/general officers -- In Progress, (expected 4/19).
2. Schlesinger: In a few weeks (or sooner) the President needs a 30 minute briefing on the entire R & D program on nuclear fusion, with basic charts; before summit would help -- In Progress.
3. Jordan: Let the President see the list of names before any action is taken on EPA Regional Directors -- Message Conveyed, (In Progress with Doug Costle).
4. Adams: Are minimum requirements of off-street parking, one-way streets, etc., a prerequisite for grant approval -- In Progress.
5. Watson/J. Frank: You should expedite and give the President a date on a decision memo concerning "undocumented workers" -- In Progress, (status report expected 4/19)

MEMORANDUM FOR THE PRESIDENT
PAGE 4

6. Lance: Please have your staff assess the Renegotiation (Minish) Bill for the President -- Done (4/15). 7

April 12:

1. Lance: Pursuant to your conversation with the President, prepare a one-page form describing consultant contracts in effect in our government -- In Progress.

April 13:

1. Califano: Please act and let the President and Lance know how we can help reduce the federal regulatory and reporting burdens on higher education, as recommended in the letter from the American Council on Education -- In Progress.
2. Schlesinger: Let Frank Press have the energy message when the President gets it; go over the points with him -- Message Conveyed. done

**Electrostatic Copy Made
for Preservation Purposes**

Good Evening.

Tonight I want to talk to the American people -- all of our citizens -- about a problem that we share together and we must solve together. It is the problem of energy -- its supply and its use.

The energy Garden of Eden is now over. Unless we, as a united people, have the determination effectively to grapple with our energy problems, we face a long range, if subtle threat to the future of our country, to the values we hold dear, and to the wellbeing of our children and grandchildren.

The energy problem is quite simple: the availability of conventional fuels, particularly oil and gas, is now under severe strain -- and we shall soon face stringency. Here in the United States, we have passed the peak of our ability to produce oil and gas. Within the next decade or so the entire world will reach a limitation on the production of oil. Under these conditions we can no longer -- prudently -- continue with the steady and rapid expansion of our use of energy that has characterized the long period of American growth. The long period of boundless abundance in the availability of energy supplies is regrettably over. We must now change our ways.

As a nation we have responded magnificently in the past to clear and immediate signs of danger. Pearl Harbor was for many of us

such a clear and unequivocal signal. Together we joined as a free people -- and responded to the challenge. But the risks embodied in the energy crisis are more insidious, less clear-cut. We could go on, as we have in the past, recklessly expanding our use of these diminishing supplies of fuel. For a few short years nothing would change. We could continue in our accustomed manner. But it would be at high cost to the future. And the subsequent adjustment would be sharper and more painful. We must start now to do what we must do to ease what will be a difficult transition and to protect the future of this nation.

Can we respond to this more subtle challenge -- a challenge more subtle than Pearl Harbor, but fraught with similarly equal risk. I have no doubt about it. The American people will respond -- provided that they are persuaded of two things. First, we must be totally convinced that indeed we face a serious problem. Secondly, we must all be persuaded that the burdens of adjustment will be shared equitably, that sacrifice will not be asked of some while others escape.

The first question all of us must have answered is -- Why?
Is the situation really serious?

Over the last five years, we have seen the early signs of the gravity of our long-term energy position. Energy prices have risen abruptly -- reaching levels unimaginable in the recent past.

We have experienced widespread shortages of gasoline, home heating oil, natural gas and most of the other fuels that our economy, our livelihoods and our comforts depend upon.

These signs of scarcity have been growing ever since the early 1970's. As early as 1971, the nation was already experiencing shortages. Orders for coal, in some cases, went unfilled because it was simply unavailable. Vacationing Americans were frequently finding that gasoline was not available -- that they no longer could drive to the next service station with absolute confidence of finding fuel.

By 1972, the premise of American economic growth since World War I -- cheap, plentiful oil and gas -- was no longer valid. The production of oil and natural gas in the United States was showing signs of decline, and oil imports were beginning to increase sharply. For most Americans that decline in domestic oil production and the increase in imports were unexpected. Before 1970, we had been assured by both government and industry that oil and natural gas

reserves in the United States were sufficient for the remainder of the Twentieth Century, and probably for much of the next.

We were confident that oil and gas would remain plentiful and therefore cheap. And so we developed our lives and our economy to make use of them.

As a result, our industry is far less energy-efficient than that of most European countries. Some nations in Western Europe produce as much per head as we do, and enjoy standards of living at least comparable to ours, while using only one-half to two-thirds as much energy.

Such waste and inefficiency could not continue to be satisfied by our own resources. As a result, we have turned more and more to oil imports. In fact, when I was campaigning for the Presidency, it seemed to me that the unwitting policy of the United States Government was to stimulate the profligate use of energy and to promote the oil imports needed to satisfy that demand.

In 1970, we were importing three million barrels of oil per day. By 1976, oil imports amounted to seven million barrels of oil a day. And this year, with the economy improving, with the weather having moderated and with our own production of oil and gas still declining, our oil imports will probably rise to nine million barrels per day.

Without concerted action by the American people, that trend will continue and the cost of imports to our economy will rise steadily. In 1973, foreign oil cost us \$8 billion. Last year, the price was \$35 billion. And if no action is taken to curb oil imports, by 1985 they could hypothetically cost \$150 billion.

Along with that money we would be exporting American jobs -- trading the paychecks of countless Americans in return for foreign oil. Inevitably, this would affect our standard of living and leave the United States exposed to supply interruptions and dependant on the goodwill of other countries whose interests have diverged from ours in the past.

But prospective conditions are even more serious -- for ourselves and for the world. Our oil production may already be declining, but in a relatively short time the world's will inevitably follow the same course.

Today, the world uses almost sixty million barrels of oil a day. And it increases that consumption at an average rate of five percent every year. This means that every year the world must find two and a half to three million barrels per day of new oil production capacity. In addition, simply to stay even with the growth in demand for oil, the world must also replace what has been taken out of the ground.

This is the equivalent of adding to world capacity the peak oil production of Texas every year, of adding the production of a new North Slope of Alaska every nine months, or of adding the production of a new Saudi Arabia every three years.

The world can expect to increase production at these rates for only a very few years. And then, sometime between 1982 and 1987, ^{Two} oil production throughout the world will reach its practical limits and will subsequently begin to decline -- just as ours has recently done.

When this happens it will intensify the competition among the world's industrialized nations -- Western Europe, Japan and North America -- for declining supplies of oil. The result will be economic dislocation, and out of that may well emerge serious global tensions.

In short, we are facing a potential economic catastrophe. But there is nothing inevitable in this future that I have described. It can be prevented. But we can do that only if we understand the situation and only if we are willing to take the necessary -- and at times unpleasant -- actions to turn away from our reliance on oil and natural gas. We must develop more plentiful and new sources of energy, and make our use of energy more efficient.

This is the purpose of the National Energy Plan that has been developed and that I shall present to a joint session of Congress on Wednesday. The details of the program will be made public then. Tonight, I would just like to present the three basic goals of the National Energy Plan.

First, we must eliminate the waste of energy and we must do this as rapidly as possible. This will affect all of us. It will influence our driving habits and the kinds of cars we purchase. It will also mean improving the insulation of our homes and the installation of commonsense equipment to make our homes more efficient. For industry, it will mean increased investment in energy saving equipment. And for all Americans, it will mean sacrifice. But we must bear in mind that if we defer sacrifice today, we will ensure even greater sacrifice for ourselves and our children only a few years from now.

*sacrifice of
reliefs -
but not
hardship*

Secondly, we must begin immediately to shift our economy away from oil and natural gas to coal and nuclear power. And in the more distant future, we must rely on solar, geothermal and fusion energy. And though we have an abundance of coal, the shift cannot be made without sacrifice.

The electric utility industry can shift to coal and burn it within environmental limitations. But to do both will

require large investments in plant and equipment to burn coal cleanly -- investments that must be passed ultimately to those who use electricity. Industry can also convert to coal. But this too will require sacrifice since the cost of conversion will be reflected in the costs of goods and services.

Third, we must encourage the production of additional domestic oil and natural gas. This does not mean rewarding the oil industry for its past activities. But it does mean creating an appropriate economic climate so the industry can afford to explore for and develop the remaining areas of the United States that still contain oil.

Draft for the President's Fireside Chat
on ENERGY (4/18/77)

4/17/77
10:00 a.m.

Good evening.

Last February, when I first spoke with you from the White House, I said that I planned to talk with you again from time to time about the questions that concern us all.

Tonight I want to ^{have an unpleasant} talk with you about ^a ~~the~~ unprecedented in our history. problem ^{which}, ~~with~~ the exception of preventing

^{this is} war, ~~will be~~ the greatest challenge our country

will face during our lifetimes. *It is not yet a crisis, but it will become one if we do not act quickly.*

It is a problem we will not solve in the next *few years,* ~~year or two, or in the next ten years,~~ *and it is likely to* ~~We will not~~ get progressively worse through the rest of this century, ~~fully solve it even during this century.~~

We must not be selfish or cowardly
~~But it is a problem we must begin to work~~

my Amy and for you
~~on now,~~ if we hope to have a decent world for ~~our~~ children and grandchildren, ~~and for our nation when~~ it celebrates its third hundred years.

Electrostatic Copy Made
for Preservation Purposes

simply
We must balance our
~~That is the problem of balancing our~~

rapidly
demand for energy with our shrinking supply.

By acting now we can control our future
instead of letting the future control and endanger us.

I have mentioned this issue many times

during the last two years. Since I became President,

my advisors, directed by James Schlesinger, have

been preparing our nation's first comprehensive

long-term national energy plan.

Two days from now, I will ~~address a Joint~~
~~Session of the Congress, to explain the details~~
present my energy
proposals to the Congress.
~~of my plan. The Congress will be my partners in~~

~~finding answers to our energy problems.~~ Its

will be my partners and they
members have already given me a great deal of

valuable advice.

Many of these proposals will be unpopular.

cause
Some will ask you to put up with inconveniences

and to make sacrifices.

**Electrostatic Copy Made
for Preservation Purposes**

We ^{simply} must balance our
~~That is the problem of balancing our~~

demand for energy with our ^{rapidly} shrinking supply.

By acting now we can control our future
instead of letting the future control and endanger us.

I have mentioned this issue many times
during the last two years. Since I became President,
my advisors, directed by James Schlesinger, have
been preparing our nation's first comprehensive
long-term national energy plan.

Two days from now, I will ~~(address a Joint~~
~~Session of the Congress, to explain the details~~ ^{present my energy}
~~of my plan.~~ ^{proposals to the Congress.}
~~The Congress will be my partners in~~

~~finding answers to our energy problems.~~ Its
^{will be my partners and they}
members have already given me a great deal of
valuable advice.

Many of these proposals will be unpopular.
Some will ^{cause} ask you to put up with inconveniences
and to make sacrifices.

The most important thing about these

proposals is that ~~no one can impose them on us.~~ *The alternative may be a national catastrophe. Further delay can effect our strength and power as a nation. The genius of our democracy, and our greatest ~~our strength~~*

~~strength, is that we can voluntarily choose to~~

~~set high standards for our nation and ask~~ *goals and*

~~sacrifices of ourselves. [I truly believe that will test the character of the American the time has come to ask for sacrifices. But people and the ability of the President and if I cannot convince you that they are necessary, the Congress to govern. This difficult debate your representatives in the Congress will not impose will be the moral equivalent of war - except them--and they shouldn't. That is what we mean by that we will be uniting our efforts to "consent of the governed." - That is the consent build, not destroy. I will ask from you.]~~ *Our decision about energy*

~~I know that many people may believe that real the energy crisis is over. There are no more lines are gone, and our homes are warm again. at the gasoline stations, as there were during the~~ *Some of you may doubt*

~~oil boycott of 1973. - The severe shortages of~~

natural gas, which threatened our homes and jobs last winter, have now almost totally ended.

But our energy problem is worse tonight *as a few weeks ago in* than it was in 1973. ~~It is worse tonight than the dead of winter.~~ *it was last winter.* It is worse because more *waste has occurred,* *passed* and more time has gone by without our planning for the future.

and It will get worse every day until we act.

oil and gas
The ~~fuels~~ we rely on for 75 per cent of our energy ^{*is*} ~~are~~ running out. *In spite of increased effort, domestic* ~~They won't be gone.~~ *production is dropping steadily at about 6% a year.* ~~tomorrow or the next day. No one knows exactly.~~ *Imports have doubled in the last five years. Our* ~~when that time will come. Some estimate 10 years.~~ *nation's economic and political independence is becoming increasingly* ~~Others say 35 or 40. Last week the CIA presented a~~ *vulnerable. Unless profound changes are made to lower oil consumption,* ~~we now believe that~~ *disturbing report which estimated that by the*

early in ^{will}
~~middle~~ of the 1980's the world ~~would~~ be
~~demanding~~ ^{can produce.} Today the world
~~consuming~~ more oil than it produced. Despite
now uses about 60 million barrels of oil a day, and
demand increases each year about 5%. This means
these differences, one thing is clear. Our
that to stay even we need a new Texas every year,
an Alaska North Slope every nine months, or a
supplies of oil and gas will run out. And
new Saudi Arabia every three years. ^{obviously,} This cannot
we have to do something about it now.
Continue.

Our energy problem is ^{caused by} ~~the result of an~~
historical change, which we ^{must} ~~can~~ look back into
~~our~~ history to understand.

Twice in the last several hundred years
there has been a transition in the way people
use energy.

The first was about 200 years ago, ^{away} from
wood--which had provided about 90 per cent of
all fuel--to coal, ^{which was more efficient.} ~~Coal was a more efficient~~

~~source of energy.~~ This change became the basis of the Industrial Revolution.

The second change took place in this century, with the ^{growing} ~~widespread~~ use of oil, ~~gasoline,~~ and natural gas. They were more convenient and cheaper ~~sources of fuel~~ than coal, ^{and the supply seemed to be} ~~They were seemingly~~ almost without limit, abundant, and they were cheap. They made possible the age of automobile and airplane travel.

Nearly everyone who is alive today grew up during this age and ^{we have} ~~has~~ never known anything different.

~~But this age is now coming to an end.~~

Because we are ^{now} ~~are~~ running out of ^{gas and} oil, we must ^{prepare quickly} ~~make~~ for a third change, ^{to strict conservation and} ~~from the era of oil power,~~ to the use of ^{coal and} permanent renewable energy sources, such as ~~energy from the sun.~~

I can sum up the problem we face for the next ten or twenty years very simply: we are using more and more oil all the time, but there is less and less of it left.

We have not prepared for the future.

~~During the last thirty years, the consumption of oil has gone up all around the world.~~ During the 1950s, people used twice as much oil as during the 1940s. During the 1960s, we used twice as much as during the 1950s.

And in each of those decades, more oil was consumed than in all of mankind's previous history put together.

Consumption of oil is still going up. If it keeps rising during the 1970s and 1980s as it has

**Electrostatic Copy Made
for Preservation Purposes**

in the past, we could use up all the proven reserves of oil in the entire world by the end of the next decade.

if you have
I know that many ~~people~~ suspect^{ed} that oil
and gas are being withheld, ^{and} You may ^{even} doubt that
the energy ~~crisis~~ ^{shortage} is real. ~~Our plan will give~~
You may be partially right, about fuel the holding
~~us independent information, so we can be sure~~
back of some fuel, but
~~about reserves--and exactly what the oil and~~
~~gas companies are making.~~ But suspicions about
the ~~energy~~ ^{oil} companies cannot change the fact that
petroleum,
we are running out of ~~fuel~~

All of us have heard about the large oil
fields on Alaska's North Slope. *In a few*
~~It will still~~
years when
~~be years before~~ the North Slope is producing
fully, ~~But when it does,~~ its total output will

just about be equal to one year's increase in our energy demand. Even if we found a new North Slope every year we would fall farther and farther behind. ~~Ever since 197? we've produced less oil each year from our wells.~~

Each new inventory has been more disturbing than the past. World oil production ^{can} will probably keep

going up for another six or eight years. But sometime in the 1980s it ^{can't} won't go up any more.

~~The price of oil could double again as it did in 1973--even while production is going up. When production starts to fall, oil will become scarcer--and far more expensive.~~

Demand will overtake production.
~~And one day it will all be gone. We have~~
~~no choice about that~~ *We have no choice*
about that.

Electrostatic Copy Made
for Preservation Purposes

But we do have a choice about how we

will spend the next few years. *Ours is the most wasteful nation on earth. We waste more energy than we import. With about the same standard of living, we use twice as much energy per person as do other countries like Germany, Japan and Sweden.*
One choice is to continue doing what we have been doing before. We could drift for *a few* ~~five or eight or even ten~~ more years.

Our consumption of oil would keep going up by ~~three per cent~~ *over* a year. Our cars would continue to be too large and inefficient. Three quarters of them would continue to carry only one person--the driver--while our ^{use of} public transportation would continue to decline. We would not insulate our houses, and they would continue to lose about 50 per cent of their heat in waste.

Electrostatic Copy Made
for Preservation Purposes

We would continue using ^{scarce} oil and natural gas to generate electricity, and continue wasting two-thirds of their fuel value in the process.

By 1985, we would be using 33 per cent more energy than we do today.

We probably cannot
~~We can't~~ increase our domestic production, *Supplies will be uncertain.*
~~by that much,~~ so we would need to import twice as much oil as we do now. ^{will} The cost ~~would~~ keep going up. Six years ago, we paid \$3.7 billion for imported oil. Last year we paid ten times that much.

now
Between ~~1973~~ and 1985 we would spend, by *in foreign countries*
the most conservative estimate, \$550 billion *imported*
for ~~foreign~~ oil. ~~much more than it would cost~~ *and Along with that money we*
are exporting American jobs, and becoming
increasingly vulnerable to another embargo.
Supply interruptions.

to ~~rehabilitate our cities, or~~ ^{to} provide
^{good} ~~better health care for our people.~~

~~But~~ Now we ~~still~~
We have a choice.

But if we wait, we ^{will} ~~would~~ live in fear
of embargoes.

We could lose our freedom to act in
^{affairs,}
~~our foreign policy~~

Changes in the weather could abnormally
increase our demand for oil, as we saw this
winter in the east and in the west right now.

We could live with these problems for
a-while.

**Electrostatic Copy Made
for Preservation Purposes**

Within ten years

But ~~eventually~~ we would not be able

to import enough oil--from any country, at any price.

If we wait, and do not act,

Then our factories would not be ^{able} ~~ready~~ to

keep our people on the job with reduced supplies of fuel.

~~We would not know how to keep our houses warm, using less oil and more insulation, using solar power to supplement natural gas. We would not have enough natural gas, because we will have wasted it in boilers and generators that could have run on coal.~~

have
Our utilities would not be ~~ready to~~ switched to coal, our most abundant energy source.

We would not be ready to keep our transportation system running with smaller, more efficient cars and a better network of busses, trains, and public transportation.

We would feel mounting pressure to plunder the environment. We'd ^{have a crash program} ~~feel forced~~ to build more nuclear plants, strip-mine and burn more coal, and drill more off-shore wells than we'd need if we begin to conserve now.

Inflation would soar, productivity would go down, people would lose their jobs. *Intense competition would build up among nations, and between the different regions within our own country.*

I do not want to give you false alarms. *act soon, we will*
But if we fail to ~~plan for the future, within~~
a few years we could face an economic, social

and political crisis that ^{will}~~would~~ threaten
our free institutions.

But we ^{shall}_^ have another choice. We can begin
to prepare right now. We can decide to act
while there is time.

That is the ^{concept of}~~idea behind~~ the energy ^{policy}~~plan~~
we will present on Wednesday.

Our national energy plan is based on ten
fundamental principles.

The first principle is that we can have an
^{and comprehensive}
effective _^ policy only if the government takes
responsibility for it--the ~~unpopular parts~~ as
~~well as the popular ones~~--and if the people

understand the seriousness of the challenge

and are willing to make sacrifices. I believe

~~our~~
~~the people have been ready to act before. Now~~

~~the government~~ ^{must be} ~~is ready to lead.~~

The second principle is that healthy economic growth must continue. Saving energy does not mean reducing our standard of living or putting people out of work. An effective conservation program can create hundreds of thousands of new jobs. [In the long run, solving our energy problems is the only way we can preserve our standard of living.]

The third principle is that we must protect the environment. Our energy problems have the same cause as our environmental problems--wasteful

use of resources. Conservation helps us solve both at once. ~~I am firmly committed to protecting our environment and our public health when we expand our use of coal. [Just today I reaffirmed my support for a strong Clean Air Act which will insure that our public health is not compromised as we develop new energy supplies.]~~

The fourth principle is that we must reduce our vulnerability to potentially devastating embargoes. We can protect ourselves ^{from uncertain supplies} by reducing our demand for oil, making the most of our abundant resources, such as coal, and developing a strategic petroleum reserve.

The fifth principle is that we must be fair. Our solutions must ask equal sacrifices from every region, every class of people, every interest

group. Industry will have to do its part to conserve, just as consumers will. The energy producers deserve ^{the treatment,} a fair ~~return~~, but we will not let them profiteer.

The sixth principle, and the cornerstone of our policy, is to reduce demand through conservation. Conservation is the quickest, cheapest, most practical source of energy. *We can save a barrel of oil for about a dollar. It costs* ~~In some cases it will mean changes in our~~ *about \$13 to waste it.* ~~attitudes. But mainly it will mean reducing~~ the energy ~~we waste.~~

The seventh principle is that ~~energy~~ prices should reflect the true replacement cost of energy. We are only cheating ourselves if we make energy artificially cheap and use more than we can really afford.

Electrostatic Copy Made
for Preservation Purposes

The eighth principle is that government policies must be predictable and certain. Both consumers and producers need policies they can count on so they can plan ahead. This is one reason I am working with the Congress to create a new Department of Energy, to replace more than 50 ^{different} agencies that now have some control over energy.

The ninth principle is that we must conserve the fuels that are scarcest and make the most of those that are more plentiful. We can't afford to use oil and gas for 75 per cent of our consumption when they make up only 7 per cent of our domestic reserves. We need to shift to ^{plentiful} coal ~~which makes up 90 per cent of our reserves--and, as a last resort,~~ ^{with strict safety regulations,} and nuclear energy, ^{with strict safety and environmental regulations.}

Electrostatic Copy Made
for Preservation Purposes

The tenth principle is that we must start now to develop the new, unconventional sources of energy we will rely on in the next century. ~~It is clear that our country must rely on these clean, inexhaustible energy sources in our children's and grandchildren's time.~~

These ten principles have guided the development of the ^{policy} plans I will describe to you on Wednesday. ~~The proposals in the plan will fall into three categories.~~

First, in the short run--the next few years--they will protect us against sudden interruptions in our supply of oil.

Second, over the next decade they will help us shift from use of oil and gas in our industries

and utilities to coal and nuclear energy,
with strict environmental and safety controls.

Third, in the long run, the plan will
emphasize research and development of renewable
energy sources, such as solar energy and economic
incentives to speed their use.

Our energy plan will also include a number
of specific goals, to measure our progress
toward a stable energy system.

These are the goals we set for 1985:

-- ^{reduce} reducing the annual growth rate in our
energy demand from ~~3.5 per cent~~ to ^{less than} two ~~per cent~~.

-- ^{reduce} reducing gasoline consumption by
^{10 per cent}
~~10 billion-gallons~~ below its current level.

cut in -22-

reduce by one-half the portion of ~~oil~~ ^{oil} ~~we~~ ^{the} U.S.

-- reducing our oil imports to seven million
oil which is imported - ~~to no more than~~ ^{from}
barrels a day. ~~one quarter to~~ ^{one eighth of} a potential level of
16 million barrels to six
million barrels a day.

~~If we did not conserve they would~~
~~do~~ ~~could~~ be more

~~than twice that high.~~

-- establishing a strategic petroleum reserve
of one billion barrels, more than six-months'
supply.

~~increase~~ ⁴⁰
-- increasing our coal production by ~~60~~
per cent, to more than 1 billion tons.

~~make~~
-- making a 200 per cent increase in the
contribution of renewable energy sources, such
as solar and geothermal energy.

-- insulate ^{American} ~~U.S.~~ ~~homes~~ ^{residential} homes
and other buildings.
-- use solar energy in more than
two and one-half million ~~homes~~ ^{houses}.

We will monitor our progress toward these goals year by year. *Our plan will call* ~~The plan~~ calls for stricter conservation measures if we ~~are~~ falling behind.

I can't tell you that these measures will be easy, *nor will they* ~~I know the plan will not~~ be popular.

But I think most of you realize that a policy which *does* ~~did~~ not ask for changes or sacrifices *an effective* would not be ~~a~~ serious policy.

~~I promise you that we are serious.~~

~~And I ask you to be serious with me.~~

I believe this plan will *be adequate* ~~do all we can~~ do to protect our jobs, our environment, our standard of living, and our future.

**Electrostatic Copy Made
for Preservation Purposes**

But I can't make it work. Neither can anyone in the Congress. Whether this plan truly makes a difference will be decided not here in Washington, but in every town and every factory, *in every home and* on every highway and every farm.

I believe this can be a positive challenge. There is something especially American in the kinds of changes we have to make. We have been proud, through our history, of being efficient people.

We have been proud of our ingenuity, our skill at answering questions. We need our ingenuity again, and I know that we still have it.

We have been proud of *our leadership* ~~what we've stood~~ *for* in the world. Now we have a chance again to give the world a positive example.

And we have been proud of our vision of
the future. We have ^{always} wanted to give our children
and grandchildren a world ^{even richer} ~~as rich~~ in possibilities
~~than we've had.~~
~~as ours was.~~ They are the ones we ^{must} ~~can~~ provide
for now. They are the ones who will suffer
if we don't act.

I've given you some of the principles of
the plan. ~~Two days from now I will present the~~
~~full details to the Congress.~~

^{each of you}
I am sure ~~everyone~~ ^{you don't} will find something ~~he~~
^{the specifics} ~~our proposal.~~ ^{demand}
~~or she doesn't like about the plan.~~ It will ask
^{that we}
~~us all to~~ make sacrifices and changes in our lives.

But the sacrifices will be gradual, realistic,
and necessary. And I have faith that meeting
this challenge will make our lives ^{even} ~~richer.~~

If we work together,
~~I believe that~~, our solution to this
problem can produce a bright and exciting
chapter in our nation's history. ~~If we~~
~~work together, it will.~~

#

The ^{selfish} pressures and temptations will
be on us all. But if you will join
so that we can work together
we with patriotism and courage,
we will ^{again} prove that our great
and free nation can lead the
world into a new age of ^{peace} ~~freedom~~
independence and freedom.

Electrostatic Copy Made
for Preservation Purposes

4/17/77
6:00 p.m.

J.C.

Good evening.

Tonight I want to have an unpleasant talk with you about a problem unprecedented in our history. With the exception of preventing war, this is the greatest challenge our country will face during our lifetimes. *The energy crisis has not yet overwhelmed us,*
~~It is not yet a crisis,~~ but it will ~~become one~~ if we do not act quickly.

It is a problem we will not solve in the next few years, and it is likely to get progressively worse through the rest of this century.

We must not be selfish or cowardly if we hope to have a decent world for my Amy and for your children and grandchildren.

**Electrostatic Copy Made
for Preservation Purposes**

We simply must balance our demand for energy with our rapidly shrinking supply. By acting now we can control our future instead of letting the future control ~~and endanger~~ us.

Two days from now, I will present my energy proposals to the Congress. Its members will be my partners and they have already given me a great deal of valuable advice.

Many of these proposals will be unpopular. Some will cause you to put up with inconveniences and to make sacrifices.

The most important thing about these proposals is that the alternative may be a national catastrophe. Further delay can affect our strength and our power as a nation.

Our decision about energy will test the character of the American people and the ability of the President and the Congress to govern. This difficult ^{effort} ~~debate~~ will be the moral equivalent of war -- except that we will be uniting our efforts to build and not destroy.

I know that some of you may doubt that ^{we face} real energy shortages ^{oil} ~~exist~~. The 1973 gas lines are gone, and our homes are warm again. ?

But our energy problem is worse tonight than it was in 1973 or a few weeks ago in the dead of winter. It is worse because more waste has occurred, and more time has passed by without our planning for the future.

And it will get worse every day until we act.

The oil and ^{natural} gas we rely on for 75 percent of our ^{are} ~~is~~ running out. In spite of increased effort, domestic production is dropping steadily at about 6 percent

a year. Imports have doubled in the last five years. Our nation's economic and political independence is becoming increasingly vulnerable. Unless profound changes are made to lower oil consumption, we now believe that early in the 1980s the world will be demanding more oil than it can produce. The world now uses about 60 million barrels of oil a day, and demand increases each year about 5 percent. This means that ^{just} to stay even we need a new Texas every year, an Alaskan North Slope every nine months, or a new Saudi Arabia every three years. Obviously this cannot continue.

caused Our energy problem ~~is caused by changes which~~

We must look back into history to understand *the changes which*

Twice in the last several hundred years there has been a transition in the way people use energy.

**Electrostatic Copy Made
for Preservation Purposes**

The first was about 200 years ago, away from wood -- which had provided about 90 percent of all fuel -- to coal, which was ^{much} more efficient. This change became the basis of the Industrial Revolution.

The second change took place in this century, with the growing use of oil and natural gas. They were more convenient and cheaper than coal, and the supply seemed to be almost without limit. They made possible the age of automobile and airplane travel. Nearly everyone who is alive today grew up during this age and we have never known anything different.

Because we are now running out of gas and oil, we must prepare quickly for a third change, to strict conservation and to the use of coal and permanent renewable energy sources, *such as solar power.*

**Electrostatic Copy Made
for Preservation Purposes**

The world has

~~We have~~ not prepared for the future. During the 1950s, people used twice as much oil as during the 1940s. During the 1960s, we used twice as much as during the 1950s.

And in each of those decades, more oil was consumed than in all of mankind's previous history.

~~put together.~~

Consumption of oil is still going up. If it keeps rising during the 1970s and 1980s as it has in the past, we could use up all the proven reserves of oil in the entire world by the end of the next decade.

some supplies of
I know that many of you have suspected that [^]oil and gas are being withheld, ~~and you may even doubt that the energy shortage is real.~~ You may be ~~partially~~ right, ~~about the holding back of some fuel,~~ but suspicions about the oil companies cannot change the fact that we are running out of petroleum.

All of us have heard about the large oil fields on Alaska's North Slope. In a few years when the North Slope is producing fully, its total output will just about be equal to one year's increase in our *nation's* energy demand. ~~Even if we found a new North Slope every year we would fall farther and farther behind.~~ *2/2*

of all reserves
Each new inventory [^] has been more disturbing than the last. World oil production can probably keep going up for another six or eight years. But sometime in the 1980s it can't go up *much* ~~any~~ more.

Demand will overtake production. We have no choice about that.

**Electrostatic Copy Made
for Preservation Purposes**

But we do have a choice about how we will spend
the next few years. ^{American citizens use the equivalent of about 60 barrels of oil per year} Ours is the most wasteful nation
on earth. We waste more energy than we import. With
about the same standard of living, we use twice as much
energy per person as do other countries like Germany,
Japan and Sweden.

One choice is to continue doing what we have
been doing before. We could drift ^{along} for a few more years.

Our consumption of oil would keep going up every
year. Our cars would continue to be too large and
inefficient. Three-quarters of them would continue
to carry only one person -- the driver -- while our
~~use of~~ ^{systems} public transportation would continue to decline.
We would not insulate our houses, and they would
continue to lose about 50 percent of their heat in
waste.

**Electrostatic Copy Made
for Preservation Purposes**

We would continue using scarce oil and natural gas to generate electricity, and continue wasting two-thirds of their fuel value in the process.

By 1985, we would be using 33 percent more energy than we do today.

We ~~probably~~ ^{substantially} cannot increase our domestic production, so we would need to import twice as much oil as we do now. Supplies will be uncertain. The cost will keep going up. Six years ago, we paid \$3.7 billion for imported oil. ^{\$36 billion,} Last year we paid [^]ten times that much.

Between now and 1985 we would spend in foreign countries by the most conservative estimate, \$550 billion for imported oil. ^{more than \$2500 for every man, woman and child in America.} Along with that money we are ^{losing} ~~exporting~~ American jobs, and becoming increasingly vulnerable to supply interruptions.

**Electrostatic Copy Made
for Preservation Purposes**

Now we have a choice.

But if we wait, we will live in fear of embargoes.

We could lose our freedom to act in foreign affairs.

Within ten years we would not be able to import
enough oil -- from any country, at any ^{*acceptable*} price.
^

If we wait, and do not act, then our factories
would not be able to keep our people on the job with
reduced supplies of fuel.

^{*Most of*}
^ Our utilities would not have switched to
coal, our most abundant energy source.

We would not be ready to keep our transportation
system running with smaller, more efficient cars and a
better network of busses, trains, and public transporta-
tion.

**Electrostatic Copy Made
for Preservation Purposes**

We would feel mounting pressure to plunder the environment. We'd have a crash program to build more nuclear plants, strip-mine and burn more coal, and drill more off-shore wells than we'd need if we begin to conserve now.

Inflation would soar, ^{production}~~productivity~~ would go down, people would lose their jobs.

Intense competition would build up among nations, ^{among}~~between~~ the different regions within our own country.

~~I do not want to give you false alarms. But~~ If we fail to act soon, we will face an economic, social and political crisis that will threaten our free institutions.

**Electrostatic Copy Made
for Preservation Purposes**

But we still have another choice. We can begin to prepare right now. We can decide to act while there is time.

That is the concept of the energy policy we will present on Wednesday.

Our national energy plan is based on ten fundamental principles.

The first principle is that we can have an effective and comprehensive ^{energy} policy only if the government takes responsibility for it and if the people understand the seriousness of the challenge and are willing to make sacrifices.

**Electrostatic Copy Made
for Preservation Purposes**

The second principle is that healthy economic growth must continue. ^{Only by} ^{can we maintain} Saving energy ~~does not mean~~ ^{and keep our} ~~reducing~~ our standard of living ^{or putting} people ~~out~~ ^{at} ~~of~~ work. An effective conservation program ^{will} ~~can~~ create hundreds of thousands of new jobs.

The third principle is that we must protect the environment. Our energy problems have the same cause as our environmental problems -- wasteful use of resources. Conservation helps us solve both at once.

The fourth principle is that we must reduce our vulnerability to potentially devastating embargoes. We can protect ourselves from uncertain supplies by reducing our demand for oil, making the most of our abundant resources such as coal, and developing a strategic petroleum reserve.

Electrostatic Copy Made
for Preservation Purposes

The fifth principle is that we must be fair. Our solutions must ask equal sacrifices from every region, every class of people, every interest group. Industry will have to do its part to conserve, just as consumers will. The energy producers deserve fair treatment, but we will not let ^{the oil companies} ~~them~~ profiteer.

The sixth principle, and the cornerstone of our policy, is to reduce demand through conservation. Conservation is the quickest, cheapest, most practical source of energy. We can save a barrel of oil for about a dollar. It costs about \$13 to waste it.

The seventh principle is that prices should ^{generally} reflect the true replacement cost of energy. We are only cheating ourselves if we make energy artificially cheap and use more than we can really afford.

The eighth principle is that government policies must be predictable and certain. Both consumers and producers need policies they can count on so they can plan ahead. This is one reason I am working with the Congress to create a new Department of Energy, to replace more than 50 different agencies that now have some control over energy.

The ninth principle is that we must conserve the fuels that are scarcest and make the most of those that are more plentiful. We can't ~~afford~~ ^{continue} to use oil and gas for 75 percent of our consumption when they make up only 7 percent of our domestic reserves.

We need to shift to plentiful coal ^{with ~~to~~ strict environmental standards,} and ^{apply} ~~nuclear energy~~ ^{or} ~~with strict safety and environmental regulations.~~ ^{to} nuclear energy ^{last resort}

The tenth principle is that we must start now to develop the new, unconventional sources of energy we will rely on in the next century.

These ten principles have guided the development of the policy I will describe to you ^{and the Congress} on Wednesday.

Our energy plan will also include a number of specific goals, to measure our progress toward a stable energy system.

These are the goals we set for 1985:

-- Reduce the annual growth rate in our energy demand to less than 2 percent.

-- Reduce gasoline consumption by 10 percent below its current level.

**Electrostatic Copy Made
for Preservation Purposes**

-- Cut in half the portion of U.S. oil which is imported -- from a potential level of 16 million barrels to 6 million barrels a day.

-- Establish a strategic petroleum reserve of one billion barrels, more than ^a six-months' supply.

-- Increase our coal production by ~~40 percent~~ ^{of two-thirds} to more than 1 billion tons, a year.

-- Insulate ^{90%} American homes and ^{all new} ~~other~~ buildings.

-- Use solar energy in more than two and one-half million houses.

We will monitor our progress toward these goals year by year. Our plan will call for stricter conservation measures if we fall behind.

Electrostatic Copy Made
for Preservation Purposes

I can't tell you that these measures will be easy, nor will they be popular. But I think most of you realize that a policy which does not ask for changes or sacrifices would not be an effective policy.

I believe ^{is essential} ~~this plan will be adequate~~ to protect our jobs, our environment, our standard of living, and our future.

~~[But I can't make it work. Neither can anyone in the Congress]~~ Whether this plan truly makes a difference will be decided not here in Washington, but in every town and every factory, in every home and on every highway and every farm.

I believe this can be a positive challenge. There is something especially American in the kinds of changes we have to make. We have been proud, through our history, of being efficient people.

We have been proud of our ingenuity, our skill
at answering questions. We need ^{efficiency and} ~~our~~ ingenuity ~~again~~ ^{more}
Than ever,
~~and I know that we still have it.~~

We have been proud of our leadership in the
world. Now we have a chance again to give the world
a positive example.

And we have been proud of our vision of the
future. We have always wanted to give our children
and grandchildren a world even richer in possibilities
than we've had. They are the ones we must provide
for now. They are the ones who will suffer ^{most} ~~if~~ we
don't act.

I've given you some of the principles of the
plan.

**Electrostatic Copy Made
for Preservation Purposes**